

SVS Church House Investment Grade Fixed Interest Fund

The Authorised Fund Manager of the Fund is: Smith & Williamson Fund Administration Limited

Fund Manager



Jeremy Wharton

Objective and Policy

The Fund is a 100% investment grade bond fund in the IA UK Corporate Bond sector. As a further quality control, the fund will always hold 25%-35% in AAA rated debt. The fund managers maintain a diverse portfolio in excess of 100 holdings and the focus is on high quality issuance which helps to maintain low volatility.

Within the bounds of investing in Investment Grade corporate bonds and UK Government Gilts, the fund is flexible in the underlying duration of its holdings and seeks to protect against both credit and interest rate risk.

Key Information

Bid price, Income / Accumulation (XD)	116.1p/165.9p
Sector	Sterling Corporate Bond
Trust Type	Authorised unit trust / UCITS
Launch Date	December 2000
Dividend Payment	Feb, May, Aug & Nov
Minimum Subscription	£5,000
Yield	2.34%
Management Fee	0.75% OCF 0.81%
Fund Value	£279m
ISIN Number	Inc: GB0004743828 Acc: GB00B11DPK96
SEDOL No.	Inc: 0474382 Acc: B11DPK9

All prices and data in the Fact Sheet are as at 29 September 2017.

All fund performance data is based on the Inc shares and shown after the deduction of fees and charges. Yield data refers to the past 12 months and is based on a bid-basis.

The management fee is 1.25% on the first £25m then 0.75% thereafter.

Ongoing Charges Figure (OCF) based on accounts as at 30/09/2016.

Monthly Commentary

Markets have realised that they have a new concept of risk to play with: idiotic risk. Largely unquantifiable, we see many shining examples, whether in North Korea, the White House or No. 10. Everyone makes idiotic mistakes and comments from time to time, but to ensure that every utterance meets the criteria takes another level of skill. When the President of the most prolific issuer of debt on the planet (government debt pile of c.\$20tn, one third held by foreign investors), was questioned about Puerto Rico's \$74bn of muni debt, his response was: "we're going to have to wipe that out". Since May, Puerto Rico, unable to refinance since 2014, has been in delicate judicial debt restructuring negotiations with bond holders. Cue tremors through America's \$4tn municipal bond market and two weeks of outflows since.

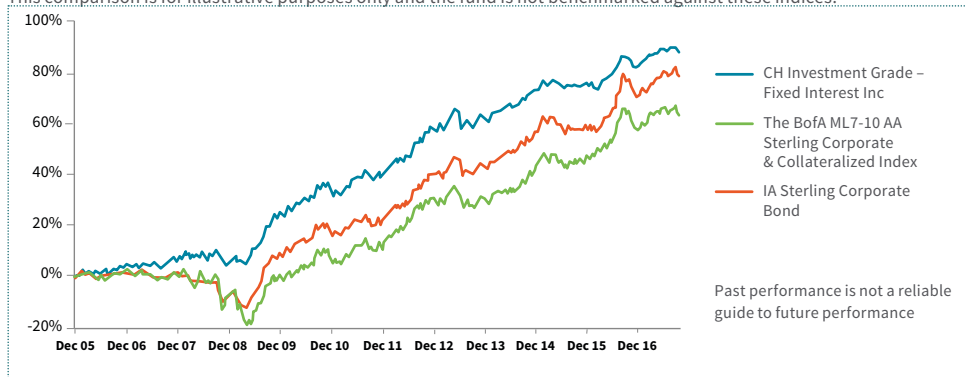
Prime Minister May seems to be living up to Osborne's unkind description of a 'dead woman walking' and the Conservatives are having more fun fighting each other than concentrating on making any progress in negotiations with the EU. Barnier was right to point out that the ball is actually in our court, apparently the IMF cannot envisage a no-deal Brexit. The shadow Chancellor managed to send his own tremors through the UK PFI market, asserting that Labour would buy-out all existing contracts (what with?), but no mention that they would then have to run all of the facilities behind those contracts (with what?).

The MPC still appears to be on course for a reversal of last August's move (hard to call it a hike), but if inflation numbers remain elevated, this could be the beginning. Worries about levels of indebtedness are becoming more vocal and with personal/consumer debt levels back up to pre-2008 levels, it is not hard to see why.

Debt issuance into capital markets continues to hit new records, but spreads ignore this, reaching new tights, while equity indices explore new highs. There is no doubt that, from a credit perspective, corporates refinancing at these levels for long tenors is extremely powerful long-term for credit quality and profitability. However, the complete lack of volatility, in the face of the above mentioned risk remains baffling and leave us feeling rather uneasy. We continually re-examine the notion that this is due to central bank liquidity underpinning asset prices and possibly luring people into taking risks they might have avoided.

Performance v. UK Indices

This comparison is for illustrative purposes only and the fund is not benchmarked against these indices.



Source: FE Analytics. Net Return Bid-Bid line chart (from 01 December 2005 to 29 September 2017) from UK IA universe.

Performance Summary (%)

	3m	1 yr	3yrs	10yrs
SVS Church House Investment Grade Fixed Interest Inc GTR in GB	0.19	1.26	11.31	78.44
Sector: IA Sterling Corporate Bond GTR in GB	0.29	0.81	17.62	77.94
Index: The BofA ML 7 10 Year AA Sterling Corporate & Collateralized TR in GB	-0.13	-0.87	18.14	62.98

Source: FE Analytics. Gross Total Return (net of fees, gross of tax) Bid-Bid month end (29 September 2017) performance table from UK Investment Association universe.

Calendar Year Total Returns (%)

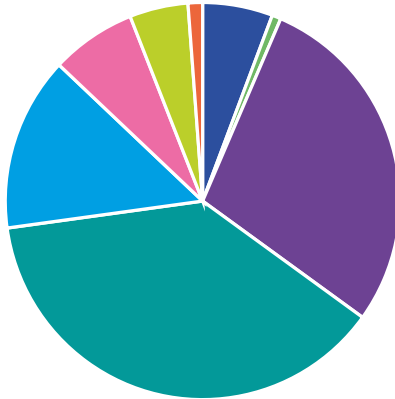
	YTD	2016	2015	2014	2013	2012
SVS Church House Investment Grade Fixed Interest Inc GTR in GB	2.47	5.14	0.74	8.01	1.24	12.40

Source: FE Analytics. Gross Total Return (net of fees, gross of tax) Bid-Bid discrete calendar performance table, of SVS Church House Investment Grade Fixed Interest Fund from UK Investment Association universe.

Top Ten Holdings (%)
18.7% of Portfolio

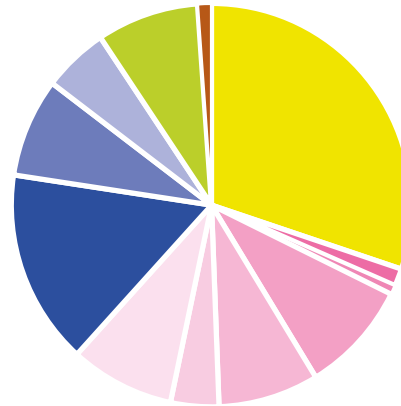
Goldman Sachs Group 7.25% 2028	2.5%	RBC GBP 10yr CMS RC	1.8%
BAA Funding LTD Class B 6% 2020	2.0%	Lloyds FRN 2020	1.8%
AP Moller-Maersk 4% 2025	1.9%	ABN Amro Bank FRN 2018	1.8%
RBS Covered 2020	1.9%	Citigroup 5.15% 2026	1.6%
Barclays Bank 10% 2021	1.8%	Treasury 4H 2019	1.5%

Disposition



Government Guaranteed	4.9%
Supranational	0.7%
Senior / Debenture	28.2%
Senior unsecured	39.2%
Un-subordinated	0.0%
Subordinated	13.9%
Lower tier	7.3%
Preferred & Ordinary	4.7%
Cash	1.1%

Rating Split (S&P / equivalent)



AAA	31.2%
AA+	1.4%
AA	0.7%
AA-	8.0%
A+	7.8%
A	3.7%
A-	8.9%
BBB+	16.2%
BBB	8.5%
BBB-	5.7%
Un-rated	6.8%
Cash	1.1%

Source: Church House, Bloomberg

LEARN MORE ABOUT THIS FUND

CALL: 0207 534 9877 and speak to our Sales Support Team
EMAIL: salesupport@church-house.co.uk

CALL: 0207 534 9879 for our Sales Director, Sam Liddle
EMAIL: s.liddle@church-house.co.uk

INVESTMENT RISK

Please note that the value of an investment in this fund and the income from it may go down as well as up and you may not get back your original investment. You should also be aware that past performance may not be a reliable guide to future performance.

IMPORTANT INFORMATION

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